

HOUSE BILL 1398

By Baird

AN ACT to amend Tennessee Code Annotated, Section 50-7-403(b)(1)(B), relative to the employment security law.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 50-7-403(b)(1)(B), is amended by designating the language in such subdivision as subdivision (i).

This subdivision is further amended by deleting the word “Notwithstanding” at the beginning of the first sentence of such subdivision and substituting instead the following language:

Prior to July 1, 2002, and notwithstanding

This subdivision is further amended at the end of such subdivision by adding the following language as a new subdivision (ii):

Effective July 1, 2002, and notwithstanding the provisions of subsection (f), the premium rate assigned to each new employer for each twelve-month period beginning each July 1, shall be the greater of two and seven-tenths percent (2.7%) or the premium rate determined by matching the reserve ratio of the 2- digit North American Industry Classification System (NAICS) in which the employer’s industry or business is to the appropriate premium rates in the premium rate tables set forth in subsection (g). This new employer premium rate will be assigned for

each tax rate year beginning each July 1, until such employer's individual account has been chargeable with benefits throughout the thirty-six (36) consecutive calendar month period ending on the computation date. This new employer premium rate applies to all employers who do not qualify for a rate based upon experience as defined in subsection (f). The reserve ratio of each 2- digit North American Industry Classification System is determined for each classification by:

- (a) totaling all premiums paid by all employers within the same classification, who were active anytime within the thirty-six consecutive months ending on the previous December 31, for all years during which these employers have been subject to this chapter and
- (b) subtracting therefrom the total of all benefits charged to the accounts of those employers for all years and
- (c) dividing the difference by the average taxable payrolls of those employers for the three (3) most recent calendar years, ending on the computation date.

The 2-digit North American Industry Classification System and the code numbers and the industries or businesses within each classification are:

- 11 Agriculture, Forestry, Fishing, Hunting
- 21 Mining
- 22 Utilities
- 23 Construction
- 31 Manufacturing - food, beverage, tobacco products, textile, apparel, leather

- 32 Manufacturing - wood, paper, printing and related support services, petroleum and coal products, chemical, plastics and rubber, nonmetallic mineral
- 33 Manufacturing - primary metal, fabricated metal, machinery, computer and electronic products, electrical equipment, electrical appliances and components, transportation equipment, furniture and related products, miscellaneous manufacturing
- 42 Wholesale Trade
- 44 Retail Trade - motor vehicle and parts dealers, furniture and home furnishings, electronics and appliances, building material and garden equipment, food and beverage, health and personal care, gasoline stations, clothing and clothing accessories
- 45 Retail Trade - sporting goods, hobby, book and music, general merchandise, miscellaneous store retailers, nonstore retailers
- 48 Transportation and Warehousing - air, rail, water, truck, transit and ground passenger, pipeline, scenic and sightseeing, transportation support activities
- 49 Transportation and Warehousing - postal service, couriers and messengers, warehousing and storage
- 51 Information – publishing, motion picture and sound recording, broadcasting and telecommunications, information services and data processing
- 52 Finance and Insurance

- 53 Real Estate, Renting and Leasing
- 54 Professional, Scientific and Technical Services
- 55 Management of Companies and Enterprises
- 56 Administration and Support of Waste Management and Remediation
Services
- 61 Educational Services
- 62 Health Care and Social Assistance
- 71 Arts, Entertainment and Recreation
- 72 Accommodation and Food Services
- 81 Other Services (except Public Administration)

SECTION 2. This act shall take effect upon becoming law, the public welfare requiring it.